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ABSTRACT

In this paper, the first in a series of working papers on various significant aspects of advertising, the author examines in depth the writings of four essayists who have looked at advertising from the institutional viewpoint. James Carey sees advertising's basic institutional function as market information and the secondary function as social control; Vincent Norris views the institution's function as being an instrument of attempted market control for producers. David Potter sees the institution as an instrument of social control in an abundant society; and to C. H. Sandage, the institution's purpose is to inform and persuade people in order to help achieve abundance. (JM)

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FOUR INSTITUTIONAL VIEWS OF ADVERTISING

- Perspectives for Understanding -

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March 1975

ADVERTISING WORKING PAPERS

Department of Advertising

College of Communications

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FOREWORD

This is the first of what we anticipate will be a thought-provoking series of Working Papers on various significant aspects of advertising. The Department of Advertising at the University of Illinois at Urbana-Champaign is sponsoring the series and Arnold Barban of this faculty is serving as editor. Each working paper will examine in considerable depth some important question regarding advertising or some closely related field. This examination will in some cases be philosophical, in other cases be based on empirical research. In either instance we hope that the teachers, researchers and practitioners who receive these will read them carefully and thoughtfully and that they will respond to the ideas set forth. All papers will be sent free of charge to members of the American Academy of Advertising and will be available for a small fee to others who are interested.

In the first of the Working Papers in Advertising Kim Rotzoll examines advertising from the institutional viewpoint. For at least the past five decades both critics and defenders of advertising have at times used the institutional approach although it has never enjoyed a bull market. As Professor Rotzoll points out these analyses have, however, been a significant force in helping us to understand better both the defenses and the attacks on advertising. It is especially appropriate in this day of heated and sometimes shallow attacks on advertising that we take advantage of what some of our leading institutionalists have said. In this paper Kim Rotzoll examines in depth the writings of four

thoughtful essayists who have looked at advertising from the institutional viewpoint--James Carey, Vincent Norris, David Potter and C. H. Sandage. After examining these in detail he includes a most helpful table on page 29 which summarizes in short form the major points emphasized by each of the four writers.

All of us on the Department of Advertising faculty hope you find these papers interesting and stimulating. We hope you will in any event provide us with feedback pro or con that can be used to chart the course of future Working Papers.

S. Watson Dunn, Head
Department of Advertising

February 17, 1975

Four Institutional Views of Advertising

- Perspectives for Understanding -

Dr. Kim B. Rotzoll
Associate Professor of Advertising

The late Howard Gossage was fond of saying, "We don't know who discovered water, but we're pretty sure it wasn't a fish." That's a useful idea to bring to the study of an institution, for it is very difficult to appreciate the larger dimensions of something of which we ourselves are a part. Thus, the true impact of the idea "Island Earth" did not hit us until the astronauts photographed it from afar--colorful, but very, very much alone.

And so it is with institutional analysis. We often find it extraordinarily difficult to understand the full configurations of an institution in which we participate. Indeed, as Walton Hamilton observes, until the academic community began to accept the idea that the behavior of individuals could not be adequately explained solely as resulting from their own free wills or as the behavior of cells in a well-integrated and predictable organism, institutional analysis itself was simply not considered at all.¹

Now, an institution may be seen as representing a convention, an arrangement, an answer to a problem considered important by the society. And it can be held that the different "answers" that various societies choose to deal with the same fundamental problems (e.g., distribution of scarce resources, matters of "justice," etc.) can, in

¹Walton Hamilton, "Institutions," Encyclopedia of the Social Sciences, Vol. VIII (New York: Macmillan, 1932).

part, be attributed to their differing "world views"--basically their assumptions about "human nature." Thus, the institution of the market (with its emphasis on resource allocation through the actions of many self-seeking, rational individuals) can be seen to be most compatible with the "world view" of classical liberalism. In this paper then, I will attempt to first summarize, and then briefly evaluate, four views that specifically interpret advertising as an institution within the larger institution of the market.

But first, of what potential worth is such an institutional perspective? At a minimum, it can certainly give us some view of the forest even as the trees compel our attention. A marriage certificate, a high school athletic jacket, a jail cell, make little sense in and of themselves unless we see them as parts of the larger institutional wholes of marriage, organized amateur athletics, and a system that attempts to define crime and punishment. Similarly, an advertisement for a motor oil, perfume, breakfast cereal, bowling alley, or an abortion clinic, lend themselves to only very limited analysis unless we first understand why it is we consider impersonal persuasion an acceptable mode to attempt to alter the thinking and behavior of men, what are the generally accepted "rules of the road" between advertiser and receiver, etc. Charles Sandage has put it this way-- institutional analysis lets us be architects as well as brick layers, with our vision filled with the total structure rather than merely its component parts.²

²Charles H. Sandage, "Some Institutional Aspects of Advertising," Journal of Advertising (Vol. 1, No. 1, 1972), p. 9.

Institutional analysis may also aid us in understanding the "conventional wisdom" of advertising as an institution. Hamilton

notes:

As it crystalizes into reputable usages an institution creates in its defense vested interest, vested habit and vested ideas and claims allegiance in its own right.³

And thus does every institution create its own apbology. The institution-itself may arise for purely pragmatic reasons--as did capitalism, for example. But as it flourishes and draws to it individuals whose vested interests lie in its perpetuation and ennoblement, an ideology emerges to support it. By way of example, as the institution of marriage comes under attack it is frequently defended by references to the scriptures, while organized athletics is charged with no less a noble endeavor than "character building," and so on. The reader is invited to add to the list from his or her own repertoire of institutional defense mechanisms.

It would seem reasonable that this perspective may be useful in helping us to better understand both the defenses of, and attacks on, advertising. For, as Hamilton notes in a well turned phrase, "Men see with their ideas as well as their eyes and crowd the novel life about them with outmoded concepts."⁴ This seeing with one's ideas is often manifested in a tendency to force a certain uniformity on the many varied, and often conflicting activities at work within any institution. In advertising discourse, this tendency is best noted by the use of the "All advertising is..." form with

³Hamilton, op cit.

⁴Hamilton, op cit.

4.
its related variants. Hence, some critics proclaim that all advertising directed to children is likely to do serious harm to their psyches, or that all advertising contributes to a massive waste of human and natural resources, or that advertising is offensive, and demeaning to the role of women, blacks, the elderly, etc. In a similar mode, it is not uncommon to attend advertising conventions where advertising is offered as the "sparkplug of the economy," the consumer's best friend, an indispensable source of relevant market information, and, depending on the severity of the critical salvo, the bulwark of the free enterprise system. All advertising is--objectively--none of these things.

This tendency to generalize about the activities and purposes of an institution is, apparently, quite predictable. It should help us then to be on our guard for it--to realize that the image of an institution that emerges from its more dedicated critics and its ardent defenders is far more likely to resemble a painting than a photograph.

Institutional analysis then, may lead us to higher analytical ground while reminding us not to overlook the variations in the terrain below. To see the whole, while appreciating the parts, is then not an unpromising quest.

The institutional analysis of advertising has scarcely been a bull market. This paper will touch upon four of a relative handful of essays that explicitly deal with

advertising as an institution. All, it would seem, are provocative, illuminating, and the wellspring for considerable discussion, perhaps even understanding. Each sees advertising's institutional function--the "problem" that it can be seen as attempting to solve--somewhat differently. Some see this function positively while others regard it with dubious eyes.

We will deal with the analyses in the order of when they saw the institutional function of advertising beginning.

Carey - Advertising as Market Information⁵

Jim Carey offers this intriguing interpretation--"the information provided in purely competitive markets and in primitive markets is advertising. We here define market information as advertising." But there is much more that needs to be said.

Carey devotes his 1960 essay to the search for "the ideas and institutions which favor the development of an economic system in which advertising becomes a part of the very logic by which commerce is carried on." He finds the "ideas" in the liberalism of the 18th and 19th centuries, and, particularly, in the influence of Newton (indirectly) and Locke and Smith (directly).

For our purposes the ideas that were of fundamental importance in justifying the new economic order [the market] were the notions that all was mechanistic, that natural law governed the physical and social

⁵ All quotes from James W. Carey, "Advertising: An Institutional Approach," in C. H. Sandage and Vernon Fryburger, The Role of Advertising (Homewood, Ill: Richard D. Irwin, 1960), pp. 3-17.

6.
world, that the world was characterized by fundamental harmony, that man possessed reason and conscience, that men were equal and endowed with certain fundamental rights--life, liberty, and property.

The explanatory "institutions" are thus seen as the market system and, of particular importance, property rights.

From these classical liberal premises then, an individual is seen as expressing the rights to his "property"--anything with which he has mixed his labor--in the free marketplace, where he encounters other individuals in the same pursuit. Harmony rather than discord results due to the essential rational and moral nature of man and--crucially--the great safeguard of competition. And it is within this system, Carey argues, that the institutional importance of advertising becomes evident.

One of the fundamental assumptions underlying theoretical analysis of competitive markets, and the whole concept of economic man, is that all entrants into the economic market shall have perfect knowledge; that is, each should be aware of all prices resulting from supply and demand relationships and should have perfect knowledge of alternative forms of satisfying demand. Caveat emptor--let the buyer beware--simply means that every individual, being rational, is assumed to possess the ability to exercise correct judgment by basing his decisions on available market information.

Under purely competitive markets, the task of supplying relevant information was carried out by the market itself (contemporary approximations can be found in the stock market, the grain market and so on) based on myriad interpersonal transactions concerning price, quantity and the like. Thus, the market-supplied information represented the interactions of many buyers and sellers and, presumably, led to the "natural" value of the goods offered. And

it is here, in the supplying of relevant information, Carey states, that advertising's institutional birth can be found. It is not, of course, advertising as we generally know it today, (it differs in content and source) but it does, he feels, correctly place advertising's origins as a supplier of necessary information in a market economy in proper institutional perspective.

Advertising in its modern form, Carey holds, developed as markets began to lose their more formal, more atomistic structure. As production became more centralized, as branded merchandise developed, and as the number of competitors dwindled, the function of supplying market information shifted from the market itself to the participants (firms) in the market, "with the old interpersonal relationships in the market place... displaced by relationships mediated by mass communication facilities." And, of course, these participants were interested in "market information" for persuasive (rather than simply informational) purposes.

Now, under the assumption that man is rational, it is quite appropriate to attempt to persuade. For it is then assumed that rational man will be able to detect truth in the clashing views in the marketplace in the same manner that his discerning nature would enable truth to arise in the political arena. Thus, advertising's basic institutional function of supplying information "to facilitate judgment and free choice on the part of the consumer" remains intact, but, the fact that the "information" is now supplied by interested participants in the process has certain consequences.

There is no longer any guarantee that the self-righting process operates to yield the "true value" of goods when individual firms possess a measure of control over the market. Because competition no longer provides the check on self-interest that it did under atomistic market organization, control in the market is increasingly being sought in human and corporate conscience--a conscience expressed through the notion of social responsibility.

Thus, modern day advertising is still seen by Carey as performing the traditional function of disseminating market information, "as a logical corollary of a market system," but also acting "as an agency of social control providing norms of behavior appropriate to current economic conditions." Thus, as marketing is increasingly seen as the development of demand, advertising is called upon not merely to "sell" but also to "create and develop" priorities for an abundance of products and services with "economic man" largely displaced by "psychological and symbolic man." He concludes:

Consequently, the nub of the "advertising problem" really rests on a controversy over who shall supply the necessary market information, what type of information it shall be, and to what ends it should be directed. The reader may then reflect upon the following two propositions: (1) That the source of advertising or market information is determined by the demands of technology and the location of economic power; and (2) that the specific form and nature of advertising messages is dependent on the particular economic problem which the society recognizes as most pressing and, more importantly, on the view that society takes toward the nature of man and to what it is that motivates "appropriate" market behavior.

For Carey then, the key is the source and type of the information necessary for the functioning of a market system and, implicitly, the assumptions about "human nature" that lie behind these functions. Advertising's basic institutional function is thus linked

to the provision of "market information," however that be interpreted by the society.

Norris - The Quest for Market Power⁶

Vince Norris, in his 1965 address to the American Academy of Advertising, devoted a great part of his paper to chastizing his fellow advertising educators for (a) not pursuing institutional analysis in their examination of advertising and (b) not being aware of the "conventional wisdom" of the institution of advertising that they themselves often embrace (and pass on to their students) in an unquestioning manner--e.g., "The Sunday New York Times would cost the reader \$5.00 if it weren't for the support of advertisers."

(But, Norris points out, without advertising the Times would be far less expensive to print, not to mention the savings in the elimination of the advertising department.)

"Institutions," Norris reminded his listeners, "are the 'rules' according to which social life is carried on, and consequently our understanding of the life of any society is limited by our understanding of those institutions."

To understand advertising as an institution then, Norris holds, one must avoid the temptation to trace it back to antiquity. Such a practice, he contends, is "roughly analogous to tracing the history of man back to the paramecium." Advertising, for Norris, was only "on its way" to becoming an institution ...

⁶All quotes from Vincent P. Norris, "Toward the Institutional Study of Advertising," Occasional Papers in Advertising, (The American Academy of Advertising: Vol. 1, No. 1, January, 1966) pps. 59-73.

When some sizable segment of the population (namely, the business class) came to look upon advertising not as an emergency measure to be used sporadically, but as the routine manner of solving an omnipresent problem (let us say, the profitable conduct of business.)

But it was not until the last thirty years of the 19th century in America, he argues, that advertising emerged as a "full-fledged" institution. It was during this period that advertising volume increased tenfold but, of far greater importance, the increase was due largely to "an entirely new form of advertising"--the advertising of producers, not retailers. And, Norris claims, when advertising text writers deal with the subject of the emergence of "national" (producer) advertising, they usually handle it somewhat like this:

As the Industrial Revolution brought technological advances, the output of the factory increased. Soon it was turning out goods in quantities far too great to be consumed in its immediate area; consequently, the manufacturer began shipping his output to more and more distant markets. And, of course, he had to use advertising, because the people in those areas did not know of him or his products.

This, he asserts, is a gross oversimplification - "to say it as charitably as possible"- because: (a) centralized supply had existed for centuries (e.g., the Phoenicians) without advertising, (b) the late 19th century producers were essentially operating in a seller's market, so there was no incentive to advertise for "selling" reasons, and (c) it ignores the role of the wholesaler--"somewhat akin to describing the plot of Othello without mentioning Iago."

Briefly, as producers began to satisfy the demand of their local markets they faced the question of how to distribute their goods to other cities, towns, and villages. For most suppliers, wholesalers

filled the vacuum by serving as the link between a number of producers and a much larger number of retailers. Now, as goods were still largely undifferentiated (remember the "cracker barrel" full of unbranded crackers), the wholesaler was in a position to translate the retailer's wishes ("I need 30 pounds of crackers") to his own economic advantage by buying from that ~~supplier~~ that would offer him the lowest possible price. And since the producers needed the wholesaler more than he needed each of them, he was able to play one against the other for his own economic advantage. This worked out well for the wholesaler. It was, however, quite another story for the producer.

As a result of this price competition, the revenue of the manufacturers during this period of wholesaler domination was driven down very close to the cost of production. It was to escape from this predicament, to gain bargaining power, that manufacturers toward the end of the 19th century resorted to branding their output and advertising it 'over the heads of the wholesalers to the ultimate buyers, the consuming public.' To the extent that consumers could be induced to request a particular manufacturer's brand from the retailer, the retailer would order it from the wholesaler ["I need 30 pounds of Fenstermaker's Crackers"], who in turn would be forced to buy it from that manufacturer and no other. Now the manufacturer, not the wholesaler, was dominant, and he could name his price.

Thus, Norris contends, the reasons for the growth of national advertising had little to do with problems of selling, for the producer could sell all he could produce, as long as he was willing to accept the wholesaler's price. "The sole purpose of national advertising, in its early days, was to avoid competing on a price basis." Now, this intended function was of great institutional import because it totally "changed the pattern of economic activity." For with

national advertising and branding, Norris asserts, competition became much less "perfect." This in turn, led to certain positive and negative consequences.

Briefly:

Negative

- . Resources were no longer distributed only to the most economically efficient market entrants.
- . Competition was no longer solely on the basis of price.
- . There was a tendency for a firm with some market power to withhold production somewhat, thus leading to a "waste of resources."

Positive

- . Control over product quality, packaging, and innovation shifted from the wholesaler and retailer to the producer. ("A biscuit in an air-tight sanitary package made the cracker barrel obsolete...obsolete.")⁷

. "Pure" profits provided funds for research and development.

. Concentrated industries could be considered more progressive than their more atomistic counterparts.

Basically then, for Norris, advertising became a major institution in the latter part of the 19th century as producer ("national") advertising emerged as an attempt to acquire market power and thus avoid damaging price competition. The market, he contends, was never the same again.

Potter - Social Control Without Social Responsibility

It was really an "outsider"--an historian--who first dealt with

⁷"Rock Island," Side one Cut one, "The Music Man."

the idea of advertising as an institution in an explicit analysis. David Potter, in his 1954 book, People of Plenty,⁸ explored the role of abundance in society. Abundance, he contended, must be considered "a major force" in American history. Yet unlike other major forces such as democracy, religion, and science, abundance had apparently not been considered to have developed its own distinctive institution--comparable to representative government, the clergy, and the apparatus of scholarship, for example. However, Potter felt that he had found the appropriate institution of an abundant society.

If we seek an institution that was brought into being by abundance, without previous existence in any form, and, moreover, an institution which is peculiarly identified with American abundance rather than abundance throughout Western civilization, we will find it, I believe, in modern American advertising.

Advertising, he feels, has been woefully neglected by historians of public opinion, popular culture and the mass media, even though "advertising created modern American radio and television, transformed the modern newspaper, evoked the modern slick periodical, and remains the very essence of them at the present time."

Potter notes the considerable growth of advertising in the last quarter of the 19th century and particularly the growth of the advertising of producers in an attempt to "create a consumer demand for their brand, and thus of exerting pressure upon the distributor to keep their products in stock." Soon, Potter contends, producers were no longer using advertising merely "as a coupling device between existing market demand and their own supply," but rather were trying "to create a demand." This, he feels, altered the nature of

⁸ David M. Potter, People of Plenty (Chicago: University of Chicago Press, 1954) Chap. VIII. Also in Sandage and Fryburger, op cit, Chap. 2. All quotes from this material.

the advertising message from one emphasizing information to one focused "upon the desires of the consumer." (He notes the appearance, in 1903, of Walter Dill Scott's article, "The Psychology of Advertising.")

What accounts for advertising's growth? Potter quotes Neil Borden's explanation of the widening gap between producer and consumer, but places particular emphasis on Borden's claim that advertising flourished in part when...

The quest for product differentiation became intensified as the industrial system became more mature, and as manufacturers had capacity to produce far beyond existing demand.

Advertising begins to fill its essential function in the society then, Potter holds, when potential supply exceeds existing demand--a condition of abundance. And, what, beyond the aims of the individual producers, does advertising accomplish in this capacity?

...consumer societies, like all other kinds, seem to fall short of their utopias, and we revert to the question how the citizen, in our mixed production-consumption society, can be educated to perform his role as a consumer, especially as a consumer of goods for which he feels no impulse of need. Clearly he must be educated, and the only institution which we have for instilling new needs, for training people to act as consumers, for altering men's values, and thus for hastening their adjustment to potential abundance is advertising. That is why it seems to me valid to regard advertising as distinctively the institution of abundance.

Thus, Potter contends, advertising's importance is not merely economic. In fact, he asserts it is one of the very few "instruments of social control" that serve to "guide the life of the individual by conceiving of him in a distinctive way and encouraging him to conform as far as possible to the concept." Thus, as Potter sees these few "institutions of social control:"

<u>Institution</u>	<u>Conceives of the individual as:</u>	<u>Appeals to:</u>
The church	An immortal soul,	Salvation, through conscience, spirit.
The schools	A being whose behavior is guided by reason.	Reason, with the hope of a perfected society.
Industry	A productive agent.	Workmanship, personal satisfaction.
Advertising	A consumer.	Desires and wants--cultivated or natural.

The church, schools, and industry, Potter feels, "have tried to improve man and to develop in him qualities of social value...."

Advertising, however, attempts none of this.

It is this lack of institutional responsibility, this lack of inherent social purpose to balance social power which, I would argue, is a basic cause for concern about the role of advertising.

Potter devotes the remainder of his chapter to developing what he considers to be the dimensions of advertising's power. First, there is the sheer dollar weight--e.g., "Our national outlay for the education of citizens, therefore, amounted to substantially less than our expenditure for the education of consumers." But of particular concern is advertising's "profound influence on the media" and "through them" on the public.

Briefly, he asserts that as advertising revenues became more and more attractive to publishers--and essential to broadcasters--their products (the magazines, newspapers, television and radio programs) became less and less ends in themselves and more means to the end of attracting large numbers of potential consumers to be exposed to the advertising messages. This necessitated the watering down

of the non-advertising content of the media--the avoidance of controversial themes, the emphasis on the bland "common denominator" that would attract the largest numbers of readers or viewers, and other similar strategies. Thus, Americans are more frequently titillated by their mass media than educated, the appeal is commonly to the attention-getting rather than the substantive, and so on. The result of all this is thus "to enforce already existing attitudes, to diminish the range and variety of choices and, in terms of abundance, to exalt the materialistic values of consumption." He summarizes:

Certainly it marks a profound social change that this new institution for shaping human standards should be directed, not as are the school and the church, to the inculcation of beliefs or attitudes that are held to be of social value, but rather to the stimulation or even the exploitation of materialistic drives and emulative anxieties and then to the validation, the sanctioning, and the standardization of these drives as accepted criteria of social value. Such a transformation, brought about by the need to stimulate desire for the goods which an abundant economy would never have produced, offers strong justification for the view that advertising should be recognized as an important social influence and as our newest major institution--an institution peculiarly identified with one of the most persuasive forces in American life, the force of economic abundance.

For Potter then, advertising is an institution of abundance whose important effects are not economic but rather "upon the values of our society as an instrument of social control." Clearly, he does not view the outcome positively.

Sandage⁹ - To Inform and Persuade

Charles Sandage addressed his 1972 article to the climate of criticism that surrounded advertising in the 1960s-70s phase of

⁹Charles H. Sandage, op cit., pps. 6-9.

"Consumerism." He makes it clear from the outset that an institutional perspective can enable the practitioner to respond to criticism by "understanding the true nature of advertising and concentrating on its positive values."

In order to accomplish this, he asserts, it is first necessary to distinguish between the institution (advertising) and the instruments (advertisements). Much criticism, and much heated defense, has been spent on individual parts of the larger whole. But what is the nature of the whole?

Advertising, Sandage holds, has been assigned the function of "helping society to achieve abundance" by informing and persuading members of society in respect to products, services and ideas. In addition, however, another responsibility "that is becoming more and more significant is that of education in consumerism--the development of judgment on the part of consumers in their purchase practices."

Once we understand these larger functions, he asserts, we will also realize that a great deal of the criticism of advertising is in fact criticism of such basic concepts as abundance, persuasion, and freedom of choice. The classical liberal tone of his argument is perhaps best revealed in the matter of freedom of choice.

In a free society the nature of consumption is determined primarily by consumers themselves. They decide, through their actions in the market place, how many people will be employed to supply them with tobacco, clothing, homes, automobiles, boats, golf balls, cosmetics, air conditioners, books and paintings to hang on their walls. They decide, too, how much of their purchasing power will be spent to support preachers, private schools, research foundations, art galleries and symphony orchestras. In a little different fashion but still basic, they determine through their votes at the polls how much they will buy in the form of defense hardware, public

school buildings, teachers' services, public parks, highways, help for the less fortunate, and pollution control.

Now, to the extent that individuals do not seem to be making choices that, objectively, appear to be in their best interests, the solution rests, he contends, not in "substituting a commissar for the free consumer" but rather in "raising the level of education in consumerism." Thus, Sandage argues, advertising should serve to "implement freedom of choice" by "supplying consumers with adequate and accurate information about all of the alternatives available to them."

He suggests that this necessary flow of information will be accomplished through two processes:

(1) Through the conflict of ideas in the marketplace--e.g., the overweight person is exposed not only to the seductive pleas of the confectioners, but also to the persuasive arguments of the products and services of weight reduction.

(2) Through "Full and honest disclosure, with competition available to provide knowledge of alternatives." This suggests that each message "will provide full disclosure of product characteristics that are important in evaluating its ability to meet a need or want."

By performing these two functions then, he asserts, those who attempt to "inform and persuade" in respect to "things, services, and ideas" are indeed involved in socially beneficial activities. For, "It is a proper and justifiable social goal to help consumers maximize their satisfactions."

An institutional perspective then, Sandage contends, offers the practitioner of advertising the opportunity to assess the function that society expects advertising to perform. That function, he feels,

is to help society achieve abundance by informing and persuading its sovereign citizens in relation to products, services, and ideas. Thus, he reasons, "Advertising practitioners who accept this concept are indeed consumer advocates."

If then, institutional analysis holds out the promise of understanding complex social phenomena by offering a perspective from which larger patterns can be discerned from countless bits of seemingly unrelated activity, what understanding do these four views of advertising's institutional function offer us? We will examine each here only briefly.

First, Carey.. It would seem that considerable understanding is offered by the concept of market information. If the market information necessary for the functioning of a market system is provided by the participants (sellers) in the process, then the content and frequency of that information will be different than that provided by the market itself--e.g., the grain market. The comparison can perhaps be made clear in this manner.

<u>INFORMATION SUPPLIED BY:</u>	<u>CONTENT</u>	<u>FREQUENCY</u>	<u>EXAMPLE</u>
Market	Factual - prices, quantities, quality	As needed by buyers and sellers.	Winter wheat quantities, prices, and grades
Participants	Biased - whatever is in the best interest of the seller	As needed by seller	Cigarette advertising

This, it can be argued, is the nub of a great deal of the current controversy about the proper rôle of advertising. The content of modern advertising is directed almost entirely by the best interest of the communicator (seller). Thus, it may or may not include all the market information that might be necessary for the model of the rational

consumer to make a proper decision. To risk oversimplification, "Consumerists" generally argue that the informational content of much advertising is not adequate to achieve that purpose, while many advertisers contend that it is. And here the arguments become quite complex indeed.

The consumerist may, for example, argue either (a) that the informational content of the existing market information (e.g., advertisements) needs to be enriched--for example, the cigarette warning, or (b) that additional sources of more "objective" market information be made available--e.g., the product ratings of government agencies, the judgments of such sources as Consumer Reports, and so on. The latter contention seems to suggest a view of human nature much like that of the classical liberals with the assumption that an increase in message sources will better enable truth-seeking man to make a wise decision due to his rational nature. (Certainly this is the assumption behind much of the ideology of our press, judicial, and political systems.) The former assertion, however, can be viewed as suggesting that man is not a "truth seeker" (or at least is a lazy one), and must be catered to by making his present sources of market information (e.g., advertisements) more factual in content.

Advertisers generally argue that the individual is quite capable of making satisfying market decisions on the basis of the existing state of market information as represented by the advertisements of competing enterprises. The key here is "satisfying." As consumerists often assume that economic/qualitative criteria can be applied that will make some products and services objectively "best buys" over others, advertisers frequently suggest that the individual

is the sole judge of what criteria he or she will apply in reaching a purchase decision. Thus, it is reasoned, if an individual bought it, he must have wanted it for whatever reason, and if the advertisement led in any way to that decision, then it must have been appropriate "market information," at least for that individual.

The matter of the frequency of advertising is, of course, an issue of some contention, particularly in the broadcast media. Carey's perspective enables us to see that the frequency of market information, when supplied by self-interested participants, will be whatever they feel is necessary to achieve their ends. Thus, we find the irritation factor emerging among critics who complain of interruptions of programming, repetition of particular advertisements, and so on. Basically, in the classical liberal market, the individual seeks out information. With information supplied by the participants, however, the information frequently seeks out the individual.

Carey's analysis then, raises a major question for the analysis of advertising--What is (and should be) the proper source, content, and frequency of market information in the United States? The position an individual takes, as this brief analysis is meant to suggest, is heavily dependent on such assumptions as how "rational" we consider the consumer.

From a slightly different vantage point, Norris directs our attention to advertising's institutional functioning in terms of its economic consequences. First, he suggests it is fruitful to consider advertising's institutional functioning in terms of a dominant type of advertising--that of producers. This in itself has interesting implications. At the beginning of this paper it was suggested that

one facet of "institutional behavior" is a tendency to generalize--to see a uniformity among often diverse and conflicting activities. This clearly has its pitfalls as well as its assets. It may well be, for example, that a cogent case can be made--even today--for advertising's role as a provider of relatively factual information if we examine only such forms as retail, industrial, business, classified, and so on. Such an argument would, however, seem somewhat dubious when we turn to much advertising of beer, perfume, cigarettes, etc. Thus, Norris suggests there are advantages to understanding in adopting a somewhat narrow focus--in this case the advertising of producers of consumer good.

The major question he poses is, clearly, whether advertising's effects on the nature of the market system are, on balance, positive or negative. He leaves little doubt that he feels the market system in this country changed with the emergence of national advertising as the ongoing solution to a problem concerning the acquisition of some market power by the firms in the market. It should be kept in mind, however, that any meaningful form of differentiation that a producer could achieve with his product--e.g., in packaging, design, product quality, etc.--could have the same effects Norris attributes to advertising--some ability to control prices, for example. Nonetheless, advertising as an attempt to secure market power for the producer is a useful perspective from which to assess the economic contentions of both critics and supporters. For example:

Critic

- Advertising enables a producer to manipulate the price of

his good for his own advantage. The price thus has little relationship to the "real" market value of the product.

. Advertising leads to a waste of resources by enabling producers to operate at less than full capacity for their own advantage.

Supporter

. Advertising enables the producer to achieve "pure" profits that can in turn be plowed back into product improvement, research and development, etc.

. Advertising, as an expression of property rights, is an efficient form of communicating the advantages of the producer's product to a large number of people.

Thus Norris's analysis leads us to conclude that in order to fully understand the institutional implications of advertising:

(1) We must understand the manner in which the market was presumed to have worked under "perfect" competition.

(2) We must realize that the greatest effect on that idea came from a particular form of advertising--national.

(3) We must then assess the advantages and disadvantages of that form's alteration of that market model. (Norris makes the point in telling fashion--"As advertising works better and better, the market works worse and worse"--from that perspective.)

Thus, Norris offers us an institutional matrix from which to better understand many of the economic assertions of advertising's critics and supporters. He also reminds us of how those involved in an institution are understandably myopic regarding objective evaluation of the institution. This is a useful point to bear in mind,

not only when evaluating the arguments of advertising's more impassioned economic defenders, but also many of its critics who, according to no less an authority than Dr. Galbraith, seem stubbornly wedded to the institution of "orthodox" economics with its only slightly altered model of the classical liberal market.

Potter and Sandage may reasonably be viewed as the "abundance" theorists. Yet, they appear to be operating from two tantalizingly divergent "world views."

Potter links advertising's institutional functioning with the transition from a "producer's culture" to a "consumer's culture." Advertising, he contends, thus teaches us to be consumers. In this capacity, advertising becomes one of a handful of institutions that exert "social control." The problem, as Potter sees it, is that the other major sources of social control--the schools, the church, the productive system--have a higher "social responsibility" to go with their social power. Advertising, Potter contends, does not, and this lack of higher purpose is a cause of considerable concern to him.

Now, under the classical liberal "world view" there is no explicit expectation of "responsibility" beyond individual self interest. Indeed, the "laws" of the market were held to operate in their self-correcting manner only if each participant pursued his self interest in a single-minded manner. The forces of competition (and man's inherent moral sense) would--at least in the long run--assure that all would work out well for the whole due to the "universal harmony of interests" or, if you prefer, Smith's "invisible hand."

To the extent that Potter is chiding advertising for its lack of social responsibility then, he is operating from a different set

of assumptions about "human nature" than those of the classical liberal market. Thus, Potter seems to be arguing that man will not be able to resist the entrancing appeals of advertising to his "wants and desires" in spite of the competition for guidance offered by the other major institutions he offers for comparison.

It can then be assumed that from this perspective many of the expectations of the classical liberals are no longer considered reasonable. Primary among the apparent defections are the decline of man's rationality under the onslaught of high aggregate advertising expenditures, and the assumption that a "clash of ideas" will emerge from the normal functioning of an atomistic media system. (In fact, Potter asserts, because the media depend on advertising they serve basically as perpetuators of the status quo in a dollar-sensitive quest to offend no one and thus maximize the audience size they may sell to advertisers.)

Contrast this with the Sandage perspective. Here, abundance is seen as a desirable social goal and advertising's institutional functioning is to aid in that achievement. The sovereign consumer is clearly in charge in Sandage's view of the system. It is his decisions that determine what will be produced, in what quantities, of what quality, and so on. In direct contention with Potter's "social control" interpretation, he asserts:

Advertising is criticized on the ground that it can manipulate consumers to follow the will of the advertiser. The weight of evidence denies this ability. Instead, evidence supports the position that advertising, to be successful, must understand or anticipate basic human needs and wants and interpret available goods and services in terms of their want-satisfying abilities.

The institution then, is here not master but servant. This is quite consistent with the strongly classical liberal perspective of the Sandage analysis. It should be noted, however, that he also suggests that the quality of the information supplied by advertisers is not always sufficient to enable the sovereign individual to function rationally. Thus he calls for "full and honest disclosure" in advertising. Carried to its full interpretation, this could at times require the disclosure of information by advertisers that is not in their best interests--e.g., should the advertisers of smaller cars be required to provide the fact that loss of life in event of accident is far more likely in compact and sub-compact cars than in full-sized models? This would, of course, represent a not insignificant modification of the classical liberal directive of the dedicated pursuit of self interest. It should not, however, dilute the strength of the contrast between the different philosophical assumptions held by these two theorists of advertising and abundance.

More explicitly, Potter's view raises intriguing questions in the very broadest realms of "social control." Are massive doses of advertising necessary to sustain a "consumer culture"? And, if they are, what are their costs--in terms of the cliché-like "leading us to buy things we don't need or want," in the watered-down, status quo-oriented values that the advertising-dependent media must perpetuate in order to survive, and so on? It is important to note that in today's era of increasing media fragmentation, Potter's assertions of media homogeneity and editorial timidity do not appear as persuasive as they might have in the early 1950s. This should not, however, detract the serious student from careful consideration of

Potter's primary contribution to understanding and examination—the idea of advertising's institutional directive to "teach us to be consumers," with all that it implies.

Sandage offers us still other questions. Is abundance desirable? Is the consumer the single best judge of what is "best" for him? Is "informing and persuading" to achieve abundance appropriate? And, if it is, what is the proper level of informational content that needs to be presented in the persuasive mode? It is, he believes, these fundamental questions that are of utmost importance in determining how one evaluates the role of advertising in modern society—particularly in an era of Consumerism.

By way of summary:

<u>Theorist</u>	<u>Advertising's institutional function:</u>	<u>Major points for understanding:</u>
Carey	Basic - market information. Secondary - social control.	The philosophical considerations of the need for market information in a market system and the qualitative and quantitative differences that reflect the <u>source</u> of that information.
Norris	As an instrument of attempted market control for producers.	Basic economic implications of the alteration of the market from a "perfect" state and advertising's role in it. Implications of institutional behavior.
Potter	As an instrument of social control in an abundant society.	The implications of "social control" without "social responsibility." The effects on the media and--indirectly--on our values.
Sandage	To inform and persuade to help achieve abundance.	The justification for individual decision-making as the key to resource allocation. The assumptions behind the informing and persuading function.

Throughout this paper it has become apparent that how an individual interprets advertising is strongly influenced by the assump-
tions he makes about what advertising is doing in the society and
what it ought to be doing. Some of the assumptions examined have,
clearly, emerged from the classical liberal model of "human nature"
and its economic manifestation--the market system. Others, however,
seem to suggest that changes in both reality and philosophy have
challenged all or much of the classical liberal "world view."

Institutional analysis would seem to hold the promise of forcing
our attention to these larger--and vastly influential--matters. These
four theorists offer considerable grist for that mill.